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USAID Development Experience Clearinghouse

1611 N. Kent Street, Suite 200

Arlington, VA 22209-2111

Telephone: 703/351-4006 Ext. 106

Fax: 703/351-4039

Email: docorder@dec.cdie.org

Internet: <http://www.dec.org>

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Annex B: Non-presence Countries – Cape Verde

A. Contribution to Food Security: The 5-year Food for Peace (FFP) Program completed By ACDI/VOCA in Cape Verde strengthened food security of the country's rural and urban populations. Given Cape Verde's climate and terrain, it is structurally food deficit. In FY 2001, USAID delivered 17,725 MT of grain (total sales value: US \$2,556,762). The Program sold 14,225 MT of corn, the food of choice for the rural poor, in addition to 3,500 MT of wheat. This constituted 15% percent of Cape Verde's annual cereal requirement, and 64% percent of overall food aid received.

Cape Verde's strategy to achieve food security is based on: (1) increasing vegetable and fruit production through improved management of scarce land and water; and (2) increasing export earnings through tourism, light manufacturing and fishing, in order to be able to purchase food commercially. The food aid program contributes at the macro level to lessening the structural food deficit and reducing the balance of payments deficit. At the micro level, the program helps poor families who spend a significant amount of their income on food.

The rural poor have benefited from the Program through the development of associations that execute contracts to carry out soil and water conservation (SWC) works employing approximately 3,000 workers per year. An immediate impact of these efforts is improved crop yields, employment of the rural poor and the generation of income. Medium and long-term benefits include continued crop yield improvement and greater availability of water for domestic and agricultural purposes. In FY 2001, rural households, with family members working for associations executing SWC contracts more than doubled their 1997 income and the increase for female-headed households was even greater.

The rural poor also benefited from the introduction of drip irrigation and the availability of credit for new technology. Yields have significantly increased compared to traditional flood irrigation techniques. In many cases, farmers have eliminated sugar cane (used to produce liquor) and planted vegetables, earning a higher return with drip irrigation. The rural and urban poor also benefited from the micro enterprise and small business lending programs. By the end of the five-year project the micro enterprise program reported increases in incomes and food expenditures of approximately 48% and 15% compared to 1997 baselines, respectively.

B. EFFECTIVENESS OF THE PROGRAM IN ACHIEVING RESULTS¹

1. Program Objective # 1: Support to soil and water conservation activities through farmer associations.

In 2001, 46 associations and 9 prospective associations on three islands contracted for soil and water conservation using Title II funds (up from 18 associations and 16 prospective associations in 1997). The association members plan and propose specific works, then execute the construction. This results in high quality works due to a sense of ownership and responsibility. Associations generate significant profits that are re-invested in the community. Because association members propose specific works to be carried out where they live, the actual types of works executed have varied from the targets set forth at the beginning of the program. For example, in 2001, associations constructed 235 check dams (61% of target), 159 km of contour rock wall terraces (108%), and planted 256,005 trees (256% of target). Other activities in FY 2001 not shown in the indicator table targets include many activities linked closely to water management: 23 irrigation reservoirs, 3 wells, 2 large water catchment facilities, 267 cisterns, 4,120 meters of water tubing, 2.4 km of irrigation canals and 4 captation dams. Nonetheless, by the end of FY 2001, recovered top soil (m³) reached 120% of Life of Activity (LOA) target; reclaimed surface area, 203%; and reduced soil erosion of side slopes, 175% of LOA target. The associations continued to develop as bona fide businesses with strong technical, internal control

¹ For detailed information on this section, please refer to the FY 2001 Results Report submitted by ACDI/VOCA in December 2001.

and accounting capabilities. As a result, 28 of all associations showed a profit in 2001 according to preliminary numbers. Other donors are now supporting the association model in Cape Verde. Many of the associations are investing in other income generating and social activities, such as poultry production facilities, community stores, kindergartens, and adult education programs.

2. Program Objective # 2: Introduce new technologies that conserve water and raise yields.

In FY 2001, 96 drip irrigation systems were installed (32 planned) on 16 hectares of land (17 ha planned). The program is reaching more and smaller farmers than originally anticipated. During FY 2001 the private local dealers continued to respond to the growing local demand for equipment. ACDI/VOCA continues to provide technical assistance to the credit association, ASDIS, which again achieved profitable operations in 2001 with nearly 100% on time repayment. Rural associations organized under Objective # 1 provided the capital for ASDIS. Two additional rural associations requested to join in 2000. ASDIS provides micro-loans to farmers to install drip irrigation and to local small vendors of agricultural products and fish. ASDIS began disbursing loans in July 1999 and by September 2001, had disbursed 675 loans in the total amount of 29.6 million CVE (\$236,840). In mid FY 1999, ACDI/VOCA initiated a program through a local commercial bank that provided credit to 22 farmers and two agricultural input dealers during FY 1999 and FY 2000. Farmer interest in drip irrigation continues strong on Santiago Island. Progress is slower on other islands and will require additional technical assistance over a long period of time. The groundwork laid in previous years is now bearing significant fruit and is expected to increase in future years.

3. Program Objective # 3: Micro Enterprise Training and Lending Program (METLP), Small Business Lending Program, and other business promotion activities.

The Micro Enterprise Training and Lending Program (METLP), which was transferred to a local commercial bank, continued to impact thousands of direct and indirect beneficiaries while still earning a profit. The METLP program alone not only distributed over 6,000 loans to small market vendors in its three and a half years under ACDI/VOCA management, but proved that a microfinance operation can be profitable, sustainable, and at the same time enhance the economic well-being of its clients. In 2001 the METLP Program disbursed a total of 1,564 micro loans against 1,500 planned and the Small Business Lending Program disbursed 306 small business loans against 400 planned. Measured impact on borrower shows improvements in wealth and income above the level predicted in the Monitoring and Evaluation Plan.

With the FY 1997-2001 DAP completed in December 2001, ACDI/VOCA has been approved for a new DAP for FYs 2002-2006 in which they will monetize 86,650MT of commodity to support agribusiness, health and nutrition, and microfinance, in Cape Verde.